

APPENDIX K

**PRECONFIRMATION QUESTIONS FROM THE U.S. SENATE COMMITTEE
ON VETERANS' AFFAIRS TO HON. HERSHEL GOBER AND THE
RESPONSES:**

ATTACHMENT 5 TO RESPONSE NUMBER 31

REDISTRIBUTION OF PERSIAN GULF COMPENSATION CLAIMS

Issue

The Veterans Benefits Administration (VBA) is recommending to the Secretary the redistribution of the adjudication of Persian Gulf environmental hazard and undiagnosed illness claims.

Background

After the return of U.S. forces from the Persian Gulf, many veterans began exhibiting symptoms that even today cannot be attributed to a known clinical diagnosis. Because of concerns that the illnesses were caused by chemical exposure or other environmental hazards in the Persian Gulf, VBA consolidated the adjudication of Persian Gulf compensation claims based on environmental hazards in the Louisville Regional Office, beginning December 1992.

Originally, consolidation was implemented in a single regional office because it was anticipated that the volume of such cases would be low. As the volume of claims grew, however, it became apparent that they were outstripping a single office's resources to handle them in a timely fashion. Therefore, in October 1994, VBA redistributed these claims to four regional offices, one in each of VBA's four administrative areas. These "Area Processing Offices" (APOs) are Philadelphia in the Eastern Area, Louisville in the Central Area, Nashville in the Southern Area, and Phoenix in the Western Area. VBA believed that expanding to four APOs would restore the desired level of service to the veterans, distribute the workload more evenly, and enhance timely processing of the claims.

The purpose for consolidating environmental hazard claims was to allow rating specialists in a limited number of offices to develop the expertise in rating the complex issues and to dedicate resources to their expeditious processing. Consolidation also allowed VBA to monitor these claims more closely to identify patterns and common health problems that may have appeared among Persian Gulf veterans. However, VBA continually reviewed the effectiveness of consolidation to identify areas where change would be necessary or beneficial.

In November 1994, the President signed Public Law 103-446, which authorized compensation to Persian Gulf veterans suffering from chronic disabilities resulting from undiagnosed illnesses. In February 1995, 38 CFR 3.317 was published to implement the statute, and VBA consolidated the adjudication of undiagnosed illness claims at the four APOs.

In July 1996, the Compensation and Pension Service instructed the APOs to undertake a readjudication of 10,736 undiagnosed illnesses cases identified from our Persian Gulf tracking system. The purpose of the readjudication was twofold. The first goal was to ensure that proper weight was being accorded to

Attachment 5.

Chairman Specter's Question 31.

Copy of documentation associated VA's Answer.

lay evidence attesting to signs and symptoms of illness where probative medical findings are not available. The second goal was to ensure that information about the claims was properly entered into our tracking system.

In March 1997, the President approved Secretary Brown's decision to extend the presumptive period for undiagnosed illnesses to December 31, 2001. The regulation to implement this decision was published on April 29. Persian Gulf claims denied because the claimed disabilities appeared after the previous 2-year presumptive period will be reviewed for entitlement under the new presumptive period. As of the end of April there were over 4,400 such cases identified in our tracking system.

Discussion

The additional workload imposed on the four APOs has had an adverse effect on their overall pending workload and claims processing timeliness. The following paragraphs highlight trends since September 1994, when the consolidation into four APOs began, and September 1996, shortly after the readjudication began.

The attached chart "Pending Workload at APOs" reflects trends in pending workload since the end of September 1994 through March 1997. Nashville and Phoenix have seen steady increases. Nashville's workload has doubled since September 1994, and Phoenix has experienced a 48 percent increase. Louisville's pending workload decreased in 1995, reflecting improvement following redistribution of the Persian Gulf workload to four offices. It increased again in 1996, in part as a result of the readjudication project. Louisville's workload as of March 1997 shows a 22 percent increase over 1996. Of the four stations, Philadelphia's workload has remained the most consistent. Its March 1997 workload shows an improvement over 1996, but at the same time, its brokered work for the first six months of FY 1997 increased nearly 33 percent, suggesting that it has maintained its consistency at least partly through sending its routine work to other stations for assistance.

The attached charts "Comparative Workload Information for APO Stations" and "Pending Workload at APOs" both contain data about claims pending over 180 days. The percentage of such claims at the APOs as of March 1997 are at higher levels than at any other time shown on the charts. At the time of consolidation, Philadelphia's percentage was 13.4, Nashville's was 5.5, Louisville's was 24.4, and Phoenix's was 14.4. During the next 2 years there were fluctuations up and down in percentage at some APOs. Decreases reflect efforts aimed at reducing the number of old claims. Nashville, however, shows a steady increase in percentage and Phoenix shows improvement only in FY 1996. The figures for the APOs as of March 1997 compared with those at the end of FY 1996 are perhaps most telling. Philadelphia's percentage went from 9.0 to 19.2 percent; Nashville's from 10.4 to 30 percent; Louisville's from 5.6 to

29 percent; and Phoenix's from 5.3 to 21.3 percent. By contrast, the cumulative national percentage rose from 8.4 to 11.8 percent.

The attached five charts on claims processing timeliness reflect the average number of days required to process various types of end products (EP). The charts reflect fluctuations in some areas. EPs 110/010 and 020 represent original and reopened compensation claims, respectively, including environmental hazard and undiagnosed illness claims. For EPs 110 and 010, the cumulative APO figures do show an improvement in processing timeliness between the end of FY 1994 and the first 6 months of FY 1997, but at a significantly lower rate than is shown by the cumulative national figures. Moreover, as of March 31, 1997, the APO figures show a decline in timeliness over FY 1996, whereas the national figures show improvement. The cumulative APO figures and the cumulative national figures for EP 020 both show a decline in timeliness since FY 1994, but for the APOs the decline is greater. Moreover, the national figures as of March 1997 show improvement over 1996, while the APO figures show a slight decline.

To accommodate Persian Gulf cases, the APOs have also brokered out increasingly larger portions of their other casework. This means that while the APOs have given priority to Persian Gulf cases, a large amount of the APOs' routine rating work has been temporarily transferred to other stations for processing. The attached chart "Comparative Workload Information For APO Stations" shows brokered work during the first 6 months of FY 96 and the first 6 months of FY 97. During that period in FY 1996, the APOs brokered out a total of 3,625 cases. During the same period in FY 97, that number increased to 9,708, an increase of 167 percent. Philadelphia's brokered work tripled from 1996 to 1997; Nashville's 1997 figure is 2.5 times greater than in 1996; and Louisville's is 3.5 times greater. Phoenix reported no brokered work for either period. Nationally, brokered work for these periods increased by more than 50 percent, from 13,385 cases to 20,464. Therefore, brokered work from the APOs accounted for half the national total during the first 6 months of FY 97. Without brokered work, the pending workload totals at Philadelphia, Louisville, and Nashville would be significantly higher.

At the end of April there were 9,751 Persian Gulf claims pending at the APOs. This included 5,770 readjudication cases and 3,981 newly received (original or reopened) cases. The number of readjudicated claims denied because the claimed disability first appeared after the 2-year presumptive period totaled over 4,400.

As of the end of April, the APOs completed 4,966 cases (about 46 percent of the total readjudication workload). On the basis of the remaining workload, it was projected that the readjudication would be completed by December 31, 1997, if the claims remained centralized at the four APOs.

Nashville's share of Persian Gulf cases is so great that earlier this year VBA enlisted the assistance of the Cleveland and Muskogee regional offices to help that APO with the readjudication. The number of APO and regional office rating specialists devoted to the readjudication are as follows:

Philadelphia	6
Louisville	6
Nashville	21
Phoenix	4
Muskogee	5
Cleveland	14
TOTAL	56

Veterans, service organizations, and Members of Congress spoke out against consolidation. They said that it unfairly denied many claimants direct access to the decision makers and information in the veteran's claims folder. Although we attempted to minimize any inconvenience in this regard, after listening to our customers and stakeholders, we ultimately came to the conclusion that they have a cogent argument.

Decision

The effort to complete the readjudication, adjudicate original and reopened claims, and review cases affected by the change in the presumptive period has put increasing demands on the APOs. They have experienced a decline in claims processing efficiency. Taking these management concerns together with the desire of VBA's customers and stakeholders for increased access to the decision makers, VBA decided that Persian Gulf cases should be redistributed from the APOs and returned to the regional offices of jurisdiction. On May 5, 1997, the Compensation and Pension Service informed all regional offices that effective immediately they would no longer send any cases to the APOs pending the Secretary's action on the VBA recommendation, as well as consultation with stake holders and implementation strategy development.

All cases currently awaiting action at the APOs will be returned in stages to the regional offices, so that the transfer is complete by June 1, 1997. The final implementation plan will be ready by May 19, 1997.

As of the end of April, there were 4,212 new and reopened Persian Gulf claims pending at the regional offices. These cases will remain at the regional offices for processing. The 9,751 cases currently pending at the APOs will be returned to the regional offices in stages. Any cases requiring review under the extended presumptive period for undiagnosed illnesses will be returned to the regional offices. The attached chart "Workload Projections" shows the estimated number of cases each regional office will receive. The term "Code 4" refers to claims in which service connection for undiagnosed illness has been denied

due to the 2-year presumptive period. Management will address the workload implications for each regional office.

There are concerns that it will be difficult to replicate the experience and expertise of the APOs offices without an adverse impact on processing these claims. To assist the regional offices in approaching this task, the Compensation and Pension Service has scheduled two training sessions.

The first will be a 2-hour satellite broadcast conference on May 29. This will be a general information session aimed at a wide audience of participants from all regional offices.

On June 2 and 3, a second, live training session will be held for a representative from each regional office. At this session, the Service will answer questions that arose from the satellite broadcast and go into more detail on such issues as development, medical examinations, lay evidence, rating, work credit, quality, and the Persian Gulf tracking system.

Additional training sessions will be scheduled as circumstances warrant. Moreover, the Hearing Officers at each regional office are subject matter experts who will be relied upon at each station to assist rating specialists.

The Compensation and Pension Service is revising its Persian Gulf tracking system. The revised system will collect the same data as the current system, but it will be a centralized system into which data will be input directly rather than a configuration of individual systems necessitating data compilation and calculation at a central point. All regional offices will have access to the new system. The developers are confident that the new system will be operational by June 1.

Conclusion

In consolidating Persian Gulf claims based on environmental hazards and undiagnosed illnesses, VBA wanted to establish a process under which a small number of regional offices could develop expertise in complex adjudicative issues and devote resources to providing veterans timely and accurate claims processing. The complexities and numbers of these cases, however, have created workload problems for the four APOs that have worsened since the readjudication project began. Moreover, critics of consolidation have made the reasonable and cogent argument that it denies claimants direct access to decision-makers and information contained in the claims folder. Therefore, VBA concluded that the best interests of both veterans and APOs would be served by our recommending to the Secretary that the Persian Gulf cases be redistributed.

We will establish procedures for accomplishing the transfer of cases and responsibilities to the regional offices. The final implementation plan will be designed to minimize the impact on the regional offices, maintain and eventually improve the current level of service to Persian Gulf veterans, and ensure that the readjudication is finalized by or before the projected completion date of December 31, 1997. The redesign of the Persian Gulf Tracking System will allow all regional offices direct input into a centralized data base and provide full and accurate information about the outcome of environmental hazard and undiagnosed illness claims.

CLAIMS PROCESSING TIMELINESS AT APO'S

ALL FOUR APO'S					NATIONAL				
				FYTD					FYTD
EP	FY94	FY95	FY96	3/31/97	EP	FY94	FY95	FY96	3/31/97
110/010	192	146	163	171	110/010	213	161	144	132
180	97	76	82	79	180	123	98	85	77
140	89	65	73	54	140	111	92	75	66
120	176	93	83	75	120	198	111	77	68
020	99	135	123	125	020	92	143	107	97
310	57	51	46	35	310	68	60	45	39
320	60	49	35	26	320	73	59	37	31

CLAIMS PROCESSING TIMELINESS AT APO'S

	PHILADELPHIA			
				FYTD
EP	FY94	FY95	FY96	3/31/97
110/010	182	126	153	147
180	92	68	77	54
140	89	70	70	16
120	171	82	83	89
020	77	122	126	116
310	58	56	56	49
320	47	46	37	24

CLAIMS PROCESSING TIMELINESS AT APO'S

	NASHVILLE			
				FYTD
EP	FY94	FY95	FY96	3/31/97
110/010	105	106	164	193
180	79	92	110	120
140	67	77	98	102
120	53	124	103	88
020	65	138	127	130
310	50	60	59	44
320	65	75	51	52

CLAIMS PROCESSING TIMELINESS AT APO'S

	LOUISVILLE			
				FYTD
EP	FY94	FY95	FY96	3/31/97
110/010	266	137	127	175
180	126	62	65	67
140	122	50	50	40
120	187	89	71	56
020	135	126	100	113
310	66	49	38	16
320	72	40	25	11

CLAIMS PROCESSING TIMELINESS AT APO'S

	PHOENIX			
				FYTD
EP	FY94	FY95	FY96	3/31/97
110/010	215	216	206	169
180	90	82	76	76
140	76	62	73	59
120	293	76	75	65
020	118	152	139	142
310	54	37	30	30
320	56	35	25	18

COMPARATIVE WORKLOAD INFORMATION FOR APO STATIONS

Station	Brokered FY96	Cases FY97	# Cases FY96	Pending FY97	% Cases FY96	> 6 Mos FY97
Philadelphia	544	1,524	7,469	7,111	9.0	19.2
Nashville	2,412	5,858	13,343	15,638	10.4	30.0
Louisville	669	2,326	8,246	8,246	5.6	29.0
Phoenix	0	0	7,805	8,347	5.3	21.3
National	13,385	20,464	264,108	306,402	8.4	11.8

Narrative

Brokered Cases: The chart above shows the number of cases each APO and the nation as a whole brokered during the same time frame in each FY (October to April).

Number of Cases Pending: This information shows the number of cases each APO had pending at the end of FY 96 compared to the number of cases pending as of the end of March 97(excluding appeal cases).

Percent of Cases Pending Over Six Months Old: This information shows the percent of pending cases over six months old at each APO at the end of FY 96 and as of the end of March 97.

Pending Workload at APO's

Station	September Cases Png	1994 %>6 mos	September Cases Png	1995 %>6 mos	September Cases Png	1996 %>6 mos	March Cases Png	1997 %>6 mos
Philadelphia	7,280	13.4	6,782	12.6	7,469	9.0	7,111	19.2
Nashville	7,941	5.5	10,335	10.3	13,343	10.4	15,638	30.0
Louisville	7,445	24.4	6,223	6.4	6,758	5.6	8,246	29.0
Phoenix	5,651	14.4	7,475	16.9	7,805	5.3	8,347	21.3

WORKLOAD PROJECTIONS DECENTRALIZATION OF PGW WORKLOAD

	% of Workload	New & Reopened	Readjudication	Code 4	Total
PHOENIX					
APO		510	739	213	1249
Ft. Harrison	1.42%	7	10	3	18
Denver	16.48%	84	122	35	206
Albuquerque	2.30%	12	17	5	29
Salt Lake City	0.38%	2	3	1	5
Oakland	14.20%	72	105	30	177
Los Angeles	7.48%	38	55	16	93
Seattle	2.46%	13	18	5	31
Boise	1.80%	9	13	4	22
Portland	3.69%	19	27	8	46
Reno	2.46%	13	18	5	31
Honolulu	3.31%	17	24	7	41
Anchorage	2.08%	11	15	4	26
San Diego	5.59%	29	41	12	70
Phoenix	36.27%	185	268	77	453
	% of Workload	New & Reopened	Readjudication	Code 4	Total
PHILA.					
APO		521	755	428	1276
Boston	2.17%	11	16	9	28
Togus	1.86%	10	14	8	24
Prov.	2.17%	11	16	9	28
White River	0.62%	3	5	3	8
New York	15.33%	80	116	66	196
Buffalo	6.50%	34	49	28	83
Hartford	1.39%	7	10	6	18
Newark	8.20%	43	62	35	105
Pittsburgh	6.19%	32	47	26	79
Baltimore	3.41%	18	26	15	44
Roanoke	8.05%	42	61	34	103
Huntington	2.32%	12	18	10	30
Wilmington	0.31%	2	2	1	4
WRO	35.45%	185	268	152	452
Manchester	4.18%	22	32	18	53
Phila RO	1.86%	10	14	8	24

	% of Workload	New & Reopened	Readjudication	Code 4	Total
LOUISVILLE					
APO		832	1205	1046	2037
Chicago	9.38%	78	113	98	191
Cleveland	15.10%	126	182	158	308
Des Moines	5.41%	45	65	57	110
Detroit	7.00%	58	84	73	143
Fargo	1.75%	15	21	18	36
Indianapolis	9.38%	78	113	98	191
Lincoln	3.18%	26	38	33	65
Milwaukee	9.86%	82	119	103	201
St Louis	13.35%	111	161	140	272
St Paul	6.04%	50	73	63	123
Sioux Falls	3.82%	32	46	40	78
Wichita	8.11%	67	98	85	165
Louisville RO	7.63%	63	92	80	155

	% of Workload	New & Reopened	Readjudication	Code 4	Total
NASHVILLE					
APO		2118	3069	2768	5187
Atlanta	16.53%	350	507	458	857
Columbia	3.51%	74	108	97	182
Houston	8.83%	187	271	244	458
Jackson	2.71%	57	83	75	141
Little Rock	2.07%	44	64	57	107
Montgomery	14.46%	306	444	400	750
Muskogee	9.78%	207	300	271	507
New Orleans	2.39%	51	73	66	124
San Juan	2.60%	55	80	72	135
St Petersburg	5.58%	118	171	154	289
Waco	12.65%	268	388	350	656
Winston-Salem	12.44%	263	382	344	645
Nashville RO	6.43%	136	197	178	334

Total:		New & Reopened 3981	Readjudication 5768	Code 4 4455	Total 9749
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